CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive
Walter Sousa (Chairman)
Koh Boon Hwee
Khaw Kheng Joo

Non-Executive
Thomas Kalon Ng (Independent Director)
Sim Wong Hoo
Thomas Henrik Zilliacus (Independent Director)
Eileen Tay-Tan Bee Kiew (Independent Director)

COMPANY SECRETARIES
Yvonne Lau Yee Wan
Tan San-Ju

EXECUTIVE COMMITTEE
Koh Boon Hwee (Chairman)
Walter Sousa
Khaw Kheng Joo
Yvonne Lau Yee Wan

AUDIT COMMITTEE
Eileen Tay-Tan Bee Kiew (Chairman)
Thomas Kalon Ng
Thomas Henrik Zilliacus

REMUNERATION COMMITTEE
Thomas Kalon Ng (Chairman)
Sim Wong Hoo
Eileen Tay-Tan Bee Kiew

NOMINATING COMMITTEE
Thomas Henrik Zilliacus (Chairman)
Koh Boon Hwee
Sim Wong Hoo

REGISTERED OFFICE
750A Chai Chee Road #05-01
Technopark @ Chai Chee
Singapore 469001
Tel: (65) 6441 1213
Fax: (65) 6441 3013
Website:www.mediaring.com

SHARE REGISTRAR
Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

PRINCIPAL BANKERS
Citibank N.A., Singapore
The Hongkong and Shanghai Banking Corp Ltd

AUDITORS
Ernst & Young
10 Collyer Quay #21-01
Ocean Building
Singapore 049315

Partner-in-charge
Mr Max Loh (appointed 6 November 2002)

LEGAL ADVISORS
Rajah & Tann (Corporate Commercial Matters)
4 Battery Road
#26-01 Bank of China Building
Singapore 049908

Fenwick & West LLP (Patents & Trademarks)
Silicon Valley Center
801 California Street
Mountain View, CA 94041
United States of America

CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2002 was a year of change for the MediaRing Group. It was also the first full year of operation since we transformed the Company from a free Internet usage model to a fee-based service model delivering telecommunications services globally.

In February, the Group underwent a management restructuring and implemented cost controls that resulted in a 35% reduction in the worldwide workforce and a new management team that has the necessary expertise, strength and conviction to make the right decisions going forward. This team was further strengthened when Mr Khaw Kheng Joo joined the Group as the Chief Executive Officer in November 2002. I am happy to report that in spite of the tough environment faced by the telecommunication industry globally, this new team was able to grow revenue and reduce the Group's operating losses significantly.

GROUP PERFORMANCE

Group revenue increased from $20 million in 2001 to $35.3 million in 2002, a growth of more than 75%. This was attributed to the following business segments:

Consumer Operations

Consumer Operations was the fastest growing segment in 2002 and has overtaken Telephony Services as the biggest contributor to the Group's revenue and gross profit. Revenue grew more than threefold from $6.5 million in 2001 to $22.3 million in 2002, with the main contribution to growth coming from the PC-Phone Service.

Advertising revenue contributed $4.3 million to the segment's revenue. This was part of a long-term contract secured in 2001 that expires in the first quarter of 2003. This revenue is not likely to recur after the completion of the contract.

Telephony Services

Revenue from Telephony Services consisting mainly of IDD services and the wholesale Carrier business dropped by approximately 7% from $12.8 million to $11.9 million. Although revenue dipped slightly, gross margin for this segment improved as a result of focusing on higher margin business.

Technology Licensing

Technology Licensing is still a relatively new business for the Group. Revenue grew from $0.5 million in 2001 to $0.8 million in 2002. During the year, MediaRing's VoizBridge, the flagship product for this business, was deployed in Tier One telecommunication companies including NTT of Japan.

The Group has been vigilant in cost containment and efficient utilization of all resources. As a result, operating expenditure decreased by 40% except for direct service fees and selling and marketing expenses. Due to increased revenue, these expenses increased by almost one-third but the increase was lower than the revenue growth of 75% as a result of economies of scale and cost reduction measures. Interest income dropped from $2.2 million to $1.3 million as a result of falling interest rates and a smaller pool of cash available for investment.

Overall, the Group reduced losses by more than two-thirds from $34.6 million in 2001 to $11.3 million in 2002.

CHAIRMAN'S MESSAGE

GOING FORWARD

With a strong management team in place and the right mix of products and services, MediaRing has taken a big step on the road to profitability. This year, we will continue our focus on our core businesses, namely IP telephony services and Technology Licensing, while continuing to invest in our unique technology. The global macro economic environment continues to be uncertain and the telecommunication industry has not shown any signs of turning around. In spite of this uncertain environment, we remain optimistic that we have in place the right combination of management, products, and technologies that will allow us to continue to grow in the year ahead.

At the Company's AGM in May, Mr Sim Wong Hoo will be retiring from the Board. He has served the Board since October 1999, bringing on board his entrepreneurial spirit and his insights into international trends and intimate knowledge of the high-tech industry.

We greatly appreciate Mr Sim's contribution and unstinting support in steering the Group through many challenges in the past.

On behalf of the Board, I would like to thank our colleagues at MediaRing for their contribution and our shareholders for their support during the year.

Walter J Sousa

Walter Sousa
Chairman

BOARD OF DIRECTORS

WALTER SOUSA

Mr Sousa joined the Board in October 1999 and was appointed Executive Chairman of the Company in September 2001. Previously Mr Sousa was the Chairman and Chief Executive Officer of AT&T Asia/Pacific and has also been involved in private equity investments. Prior to his appointment at AT&T Asia/Pacific, he was the Chief Operating Officer of London Stock Exchange-listed Astec (BSR) PLC where he was responsible for its worldwide operations. Mr Sousa was the President of Hewlett-Packard Far East in Hong Kong from 1985 to 1991. He holds a Masters degree in Public Administration from an American University.

KOH BOON HWEE

Mr Koh joined the Board in April 1998 and was appointed an Executive Director of MediaRing Ltd on 1 February 2002. He is currently the Chairman of Singapore Airlines Ltd and Chairman of the Nanyang Technological University Council. His major appointments previously were Chairman of the Singapore Telecommunications Group & its predecessor organisation (1986-2001), Executive Chairman of the Wuthelam Group (1991-2000), Chairman of Omni Industries Ltd (1996-2001) & Managing Director of Hewlett-Packard Singapore (1985-1990) where he started his career. Mr Koh holds a Master in Business Administration degree (with Distinction) from Harvard Business School.

SIM WONG HOO

A Non-Executive Director since October 1999, Mr Sim is the Founder, Chairman and Chief Executive Officer of Singapore and NASDAQ-listed Creative Technology Ltd, the world's leading provider of digital entertainment products and peripherals for personal computers and the Internet. Creative is best known for its pace-setting and award-winning line of Sound Blaster sound cards, which dominates the global audio card market with close to 70% market share. Mr Sim is also the Chairman of US-based THX Ltd, well known for setting sound standards for audio systems worldwide. Mr Sim has received numerous awards and accolades in the course of his career. The more notable ones include being honoured as one of Fortune Magazine's "Asia's Businessman Of the Year" in 2001; twice awarded as "Businessman of the Year" in Singapore in 1992 and 1998 by Business Times and DHL; and "Person of the Year" in 2003 in the field of IT by the Singapore Computer Society. Mr Sim holds a Diploma in Electronics and Electrical Engineering from Ngee Ann Polytechnic in Singapore.

THOMAS KALON NG

Thomas Ng is the founder (1995) and Managing Director of Venture TDF. He is also a Managing Director of Granite Global Venture. Thomas serves on a number of advisory boards to various research institutes and government agencies in Singapore. He currently serves as a member of the Board of SAVI Technologies, Sinohome.com, MediaRing Ltd and Oculex Pharmaceuticals. He has held senior management positions in E.I. Dupont de Nemours & Co. and Genelabs Technologies. He established Genelabs Diagnostics, a biotechnology company, in Singapore in 1992 and served as its Managing Director until 1995. Thomas has also conducted basic research at the Solar Energy Research Institute under the Department of Energy and the DuPont Experiment Station. Thomas holds a Bachelor of Science, Master of Science and PhD degrees from the University of Wisconsin at Madison.

KHAW KHENG JOO

Mr Khaw joined the Board in February 2002. He was appointed the Chief Executive Officer on 1 November 2002. Mr Khaw was previously President of Omni Electronics (2000-2001), a wholly owned subsidiary of Omni Industries Ltd. Omni Industries was listed on the Stock Exchange of Singapore and was one of the largest electronic contract manufacturers in Asia; prior it's being acquired by Celestica Inc in 2001. After the acquisition, Mr Khaw joined Celestica Inc as their Senior Vice President.

Prior to Omni Electronics, Mr Khaw spent 26 years (1973-1999) at Hewlett-Packard in a number of positions. His last assignment there was the General Manager of the Pocket PC Division. The Division was chartered to build the HP's Pocket PC business, based on Window CE OS. Mr Khaw is currently on the board of Total Automation, a listed company in Singapore as well as Senoko Power. He is also a member of the advisory council for the business school of Singapore Polytechnic. He served for a year on the board of EDB (2001-2002). Mr Khaw holds a Bachelor of Science degree in Electronic and Computer Engineering from Oregon State University, Oregon and a Master of Business Administration from Santa Clara University, California.

BOARD OF DIRECTORS

THOMAS HENRIK ZILLIACUS

Appointed as Non-Executive Director in February 2002, Mr Zilliacus is the Founder and Executive Chairman of Mobile FutureWorks Inc, a company which is a developer and investor in the mobile space. He is also the Executive Chairman of OpenMobile Corporation, a leading global enabler of premium-priced mobile-originated mobile value-added services and the former head of Nokia's Asian operations. Mr Zilliacus holds a Master of Science in Economics and Business Administration from the Swedish School of Economics and Business Administration, Helsinki.

EILEEN TAY-TAN BEE KIEW

Ms Tay was appointed to the Board of Directors in October 2002 after having retired from KMPG as a Partner. She had been in the public accounting field for more than 28 years and her areas of experience covered a broad range of industries which include audit, tax, receivership, public listing, mergers and acquisitions and business advisory. Eileen holds an Honours Degree in Accountancy from the University of Singapore. In addition, she is a Fellow of Australia CPA, Associate of Chartered Institute of Management Accountants (UK), Member of Institute of Certified Public Accountants of Singapore and Licentiate of Trinity College, London.

SENIOR MANAGEMENT

YVONNE LAU YEE WAN

As Chief Financial Officer of MediaRing Ltd, Yvonne heads the Company's Corporate Finance and Human Resource functions. Prior to her appointment at MediaRing Ltd, Yvonne was Managing Director, Corporate Finance in the Internet Technology Group Ltd and also Executive Director in the Crimson Funds, a US$450 million Asian Fund. At Singapore Telecommunications Ltd, Singapore's leading telecommunications provider, Yvonne held the position of Vice President (Corporate Finance) when it was listed on the Singapore Stock Exchange. Yvonne graduated from the Singapore University with a Bachelor of Accounting degree in 1975.

WILLIAM TAN

Mr Tan joined MediaRing Ltd in 1997 and is currently the Senior Vice President of Sales and Marketing (VoizNet Services). Prior to his appointment, Mr Tan was the Managing Director of PK Electronics Pte Ltd, a manufacturer of uninterruptable power supplies, where he was responsible for its Asian sales and operations. From August 1992 to May 1997, Mr Tan was the General Manager of Ingram Micro, Inc., one of the world's largest wholesale and distributor of information technology products. In this role, he was responsible for its Singapore operations as well as export sales to the Asian region. From 1989 to 1992, Mr Tan was with Pacific Technology Pte Ltd, a local distributor of information technology products, where his last held position was Marketing Manager. Mr Tan holds a Diploma in Marketing from the Chartered Institute of Marketing in Singapore.

NAH CHIN GEK

As the Senior Vice President of Operations and Development, Mr Nah is responsible for the planning, development and operation of MediaRing Ltd's global VoIP network for provision of basic and enhanced voice services. Prior to joining MediaRing Ltd in April 2002, he was the Senior Director responsible for the planning and development of Singapore Telecom's global network using both traditional as well as the next generation IP-based switching technology for global voice services. He has extensive experience in voice services including an overseas stint in Norway for the start-up of Singapore Telecom's wireless GSM joint venture company. He holds a Bachelor of Engineering (Hons) from the University of Singapore in 1977.

CORPORATE GOVERNANCE

MediaRing Group is committed to achieving and maintaining high standards of corporate governance. While there will always be business risks, we believe these standards are the cornerstones in building a sound corporation and in protecting the interests of the shareholders. We believe that given the Group's size and stage of development, the overall corporate governance we have in place is appropriate and is in compliance with most of the requirements of the Code of Corporate Governance ("the Code") issued by the Corporate Governance Committee. The Singapore Stock Exchange Securities Trading Limited ("SGX") requires that, with effect from 1 January 2003, an issuer describes its corporate governance practices with specific reference to the Code.

BOARD OF DIRECTORS
(Principles 1, 2, 6, 7, 10 & 11 of the Code)

The Board comprises seven directors, of whom four are Non-Executive and of the four, three are independent. The Board consists of respected business leaders and professionals whose collective core competencies and experience are extensive, diverse and relevant to the telecommunications industry. Profiles of the Directors are set out on pages 4 to 5 of this Annual Report.

The Board oversees the management of the business of the Group, reviews and approves the overall strategy and direction and ensures effective management and leadership of the highest quality and integrity. As part of these functions, the Board approves the annual budgets, financial results for release to SGX, all investments and divestments and borrowings. The Board adopts a set of internal controls that includes approval limits for capital and operating expenditure at Board level. Approval sub-limits are also provided at management level to facilitate operational efficiency.

The Board has absolute discretion to meet without management's presence whenever required or necessary.

In order to ensure that the Board is able to fulfill its responsibilities, the management provides the Board with adequate information prior to each Board meeting, in a timely manner. Directors are also provided with monthly management financial statements setting out actual performance against budget and previous year's results. Directors also have direct access to all the executives of the Group.

The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary, together with the other Management team members, ensures that the Group complies with applicable requirements, rules and regulations.

To execute its responsibilities more efficiently, the Board has delegated certain functions to various Board Committees, namely, the Executive Committee ("Ex-co"), Nominating Committee ("NC"), Remuneration Committee ("RC") and the Audit Committee ("AC"). Each of the committees is governed by a set of written terms of reference. Members of the Board and each committee are set out below:

		Executive Committee	Nominating Committee	Remuneration Committee	Audit Committee
Board Member					
Walter Sousa *(Chairman)*	E	Member			
Koh Boon Hwee	E	Chairman	Member		
Khaw Kheng Joo	E	Member			
Sim Wong Hoo	N		Member	Member	
Thomas Kalon Ng	I,N			Chairman	Member
Thomas Henrik Zilliacus	I,N		Chairman		Member
Eileen Tay-Tan Bee Kiew	I,N			Member	Chairman
Non-Board Member					
Yvonne Lau Yee Wan		Member			

E - denotes Executive **N** - denotes Non-Executive **I** - denotes Independent

CORPORATE GOVERNANCE

Membership on the various Board Committees is carefully managed to ensure equitable distribution of responsibilities and appropriate combination of skills and experience among Board members, as well as balance of power and independence.

NC is tasked to review the composition of the Board to ensure that the Board has the appropriate size, mix of expertise and experience while maintaining its independence balance at the same time.

The Group conducts orientation programmes for newly appointed directors and provides briefings and regular updates on regulatory changes as well as new applicable laws. The Board and Board Committees have authority to take independent professional advice, at the Company's expense, as and when necessary to enable the Directors to discharge their responsibilities effectively.

During the year, the Board held 6 meetings. The agenda for meetings is prepared in consultation with the Chairman and Chief Executive Officer. The Company's Articles of Association provide for participation in a meeting of the Board by means of conference telephone or similar communications equipment. Attendance of each Director at those meetings is provided below.

Directors	No. of meetings held in 2002 since appointment as Director	No. of meetings attended or participated via teleconference
Walter Sousa *(Chairman)*	6	6
Koh Boon Hwee	6	6
Khaw Kheng Joo	5	5
Sim Wong Hoo	6	4
Thomas Kalon Ng	6	5
Thomas Henrik Zilliacus	5	4
Eileen Tay-Tan Bee Kiew	1	1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(Principle 3 of the Code)

Mr Walter Sousa is the Chairman of the Company and Mr Khaw Kheng Joo is the Chief Executive Officer ("CEO"). Both are Executive Directors of the Company. Mr Sousa's involvement in the Company is on a part-time basis.

They each perform separate functions to ensure that there is an appropriate balance of power and authority and that accountability and independent decision-making are not compromised. The CEO is fully responsible for the day-to-day running of the Group whereas the Chairman oversees the functioning of the Board.

EXECUTIVE COMMITTEE ("Ex-co")

The Ex-co was re-constituted on 31 January 2002 to act for the Board in supervising the Group's business and affairs. It comprises Mr Koh Boon Hwee, the Chairman, Mr Walter Sousa, Mr Khaw Kheng Joo, all of whom are Executive Directors, and Ms Yvonne Lau Yee Wan, the Chief Financial Officer, who was co-opted to be a member of the Ex-co. The functions of the Ex-co are:

1. to supervise senior management in the carrying out of the day-to-day executive functions of the Group; and
2. to evaluate and jointly make key decisions of an executive nature.

CORPORATE GOVERNANCE

NOMINATING COMMITTEE ("NC")
(Principles 4 & 5 of the Code)

The NC was constituted on 8 November 2002 comprising Mr Thomas Henrik Zilliacus, Mr Koh Boon Hwee and Mr Sim Wong Hoo. The Chairman is an independent director. While Mr Koh is not an independent director, by virtue of his executive position on a part-time basis, and Mr Sim is also not an independent director, by virtue of his deemed interest as a substantial shareholder of the Company, the Board believes that they are well-respected in the industry and are better able to seek and convince a new candidate to join the Board. Nevertheless, it is the Board's goal to eventually have the NC comprised of all independent directors.

The NC, which is guided by written terms of reference, performs the following functions:

1. make recommendations to the Board on the appointment of new executive and non-executive directors;
2. regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
3. determine whether or not a director is independent;
4. recommend directors who are retiring by rotation to be put forward for re-election;
5. determine whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board representations; and
6. assess the effectiveness of the Board as a whole and the contribution of each individual director to the effectiveness of the Board.

Our Articles of Association currently require one-third of our Directors to retire by rotation at each Annual General Meeting.

NC will be recommending to the Board the processes and the set of criteria for assessing the effectiveness of the Board and of the individual director.

REMUNERATION COMMITTEE ("RC")
(Principles 7 & 8 of the Code)

The RC comprises Mr Thomas Ng, Mr Sim Wong Hoo and Ms Eileen Tay, all of whom are Non-Executive Directors and the majority of whom are independent. The RC is chaired by Mr Thomas Ng, an independent Director, and guided by a set of written terms of reference.

The functions of the RC are:

1. review and recommend to the Board in consultation with the Chairman of the Board a framework of remuneration, and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and Senior Executives;
2. recommend to the Board in consultation with the Chairman of the Board the Employees' Share Option Schemes or any long-term incentive schemes; and
3. function as the Committee referred to in the MediaRing Share Option Scheme.

In setting an appropriate remuneration structure and level, the Committee takes into consideration industry practices and norms in compensation, as well as the Group's relative performance and the performance of individual directors.

Non-Executive Directors have no service contracts. Their remuneration packages consist of a Director's fee component pursuant to Directors' fee policy and a share option component pursuant to the Company's Share Option Plan. The Directors' fee policy is based on separate fixed sums for holding a chairman position and being a member, as well as serving on Board Committees. The policy takes into account the effort and time spent and the responsibilities assumed by each Director. Fees for Non-Executive Directors are subject to the approval of shareholders at the Company's AGM.

CORPORATE GOVERNANCE

The Group adopts an Employees Share Option Scheme ("ESOS") that rewards Directors and employees who contribute to the Group and are valuable to retain, using vesting schedules.

Executive Directors do not receive any Directors' fees. They are employed under the standard terms and conditions as provided in the Employees' Handbook and their compensation packages consist of salary, variable bonuses and share options under the ESOS.

For key executives, the Group adopts a remuneration policy that comprises a fixed and a variable component. The variable component is in the form of a variable bonus that is linked to the Group's key performance indicators approved by the RC in consultation with the Board. Mr Sousa and Mr Koh had opted to waive their participation in the variable bonus scheme for 2003.

DISCLOSURE OF REMUNERATION

(Principles 8 & 9 of the Code)

The annual remuneration of Directors for 2002 is as follows:

Directors	**Fees** $	**Salary** $	**AWS** $	**Total** $
Walter Sousa *(Chairman)*	38,042	218,000	18,000	274,042
Koh Boon Hwee	27,695	120,561	10,632	158,888
Khaw Kheng Joo	-	62,760	-	62,760
Sim Wong Hoo	20,000	-	-	20,000
Thomas Kalon Ng	25,000	-	-	25,000
Thomas Henrik Zilliacus	-	-	-	-
Eileen Tay-Tan Bee Kiew	-	-	-	-
Ng Ede Phang *	-	77,711	-	77,711

** resigned with effect from 31 January 2002*

1. The Directors' fees shown are on a paid basis and not on an accrual basis.
2. The salary amount shown is inclusive of allowances, benefits and employer's CPF.
3. The AWS amount shown is inclusive of employer's CPF.

The annual remuneration of Management who are not directors for 2002 is as follows:

	No. of Employees	**Total Amount ($)**
$150,000 - $250,000	4	752,045
$250,000 - $500,000	1	337,312

The amount shown is inclusive of salary, bonuses, allowances, benefits and employer's CPF.

Information on the Group's ESOS is set out in the Directors' Report on pages 12 to 18

There were no employees of the Company and its subsidiaries who were immediate family members of a director or the CEO and whose remuneration exceeded $150,000 during the financial year ended 31 December 2002.

CORPORATE GOVERNANCE

AUDIT COMMITTEE ("AC")
(Principles 11, 12 & 13 of the Code)

The AC, which has a set of written terms of reference, is chaired by Ms Eileen Tay and the other members are Mr Thomas Kalon Ng and Mr Thomas Henrik Zilliacus; all of whom are Non-Executive Directors and are independent. The Chair-person is a qualified accountant with long and extensive experience in the field of accounting.

The roles of the AC are to assist the Board with discharging its responsibilities to:

1. safeguard the Group's assets;
2. maintain adequate accounting records; and
3. develop and maintain an effective system of internal control.

The AC met 3 times in year 2002 and the attendance of each Member is as follows:

	No. of meetings held in 2002 since appointment as AC Member	No. of meetings attended
Koh Boon Hwee *	3	2
Khaw Kheng Joo *	3	3
Thomas Kalon Ng	3	3
Thomas Henrik Zilliacus	1	0
Eileen Tay-Tan Bee Kiew	1	1

* resigned on 8 February 2003 after serving a three-months notice

The AC has explicit authority to conduct or authorize investigation into any matter within its terms of reference. It has full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings and reasonable resources to discharge its functions properly.

The AC, on behalf of the Board, reviews the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting its business, through meeting with the external auditors. This is carried out at least annually and will be further enhanced by outsourced internal audit function.

The Company's internal audit function is outsourced to PriceWaterhouseCoopers. The internal auditors will report to the AC, the findings and recommendations for improvement of any internal control weakness. The AC will monitor the implementation of the recommendations for improvement. It will review the internal audit plan drawn up on an annual basis and ensure that the function is adequately performed.

The AC recommends to the Board the external auditors to be appointed or re-appointed, approves their compensation and reviews the audit plan, scope and results of their audit. Such review of appointment or re-appointment takes into account the independence and objectivity of the auditors.

The AC has adopted the practice to meet with the external auditors without the presence of Management at least once a year. The same practice will be applied for the internal auditors.

INTERNAL CONTROLS
(Principle 12 of the Code)

The Group's internal control system ensures that assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

CORPORATE GOVERNANCE

The Executive Committee reviews the detailed budgets prepared for each business unit and presents the consolidated budget for approval by the Board. Monthly performance indicators and operating results are prepared and monitored against budgets by the Executive Committee and Management. Any material difference will be highlighted and explained at Board Meetings.

COMMUNICATION WITH SHAREHOLDERS
(Principles 10, 14 & 15 of the Code)

The Group announces its performance, financial position and prospects on a half-yearly basis. With effect from the first quarter of 2003, it will be on a quarterly basis.

The Company adopts the practice of regularly communicating major developments in its business and operations to the SGX, shareholders, analysts, the media and its employees. The Company issues announcements and news releases on an immediate basis when required under the SGX Listing Manual. Where immediate disclosure is not possible, the relevant announcement is made as soon as possible to ensure that all shareholders and the public have equal access to the information.

The Group manages enquiries from shareholders and the public, and addresses shareholders' concerns through its investors' relations and corporate communications.

All shareholders of the Company receive the annual report and notice of the Annual General Meeting ("AGM"). The notice is also advertised in the press and published via MASNET.

Separate resolutions are set out for each distinct issue at the AGM.

The Articles of Association allow a member of the Company to appoint a proxy to attend and vote on his or her behalf at the AGM. The Executive Committee and the respective Committee Chair-persons will be present at these meetings, to answer questions raised by the shareholders. The external auditors are also present to assist the Board in answering shareholders' queries.

DEALINGS IN SECURITIES

The Company Directors and officers are prohibited from dealing in the Company's shares at least one month before the announcement of the Company's full-year, half-year or quarterly results or 3 days before the announcement of price-sensitive information.

Directors and key executives are expected not to deal in the Company's shares on short-term considerations. Besides Directors, key executives are required to notify the Company of their dealings within 2 days after transaction.

RISK ASSESSMENT

The Group's strategy is formulated by the Management, supported by the Audit Committee and approved by the Board. Management has the ultimate responsibility for implementing plans, identifying risks and ensuring appropriate control measures are in place. This is achieved through an organizational structure that clearly defines responsibilities, level of authority and reporting procedures.

In line with good corporate governance, the Group has also engaged additional professional services to provide an independent resource and perspective to the Board and the Audit Committee, on the processes and controls that help to mitigate major risks.

DIRECTORS' REPORT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

The directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2002.

Directors

The directors of the Company in office at the date of this report are:

Walter Sousa	
Koh Boon Hwee	
Sim Wong Hoo	
Thomas Kalon Ng	
Khaw Kheng Joo	(appointed on 28 February 2002)
Thomas Henrik Zilliacus	(appointed on 28 February 2002)
Eileen Tay-Tan Bee Kiew	(appointed on 2 October 2002)

Principal activities

The principal activities of the Company and its subsidiaries are marketing and sale of international telecommunication services. The Company is also engaged in research and development, design and marketing of telecommunication software.

There have been no significant changes in the nature of these activities during the financial year.

Results for the financial year

	Group $'000	Company $'000
Loss after tax	11,319	41,899
Accumulated losses brought forward	126,442	44,840
Accumulated losses carried forward	137,761	86,739

Material movements in reserves and provisions

The following net transfers have been made to (from) reserves:

	Group $'000	Company $'000
Foreign currency translation reserve	(622)	(3,736)

There were no other material transfers to or from reserves or provisions during the financial year except for normal amounts recognised as an expense for such items as depreciation, amortisation of intangible assets and provision for doubtful debts as shown in the financial statements.

DIRECTORS' REPORT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

Acquisition and disposal of subsidiaries

The following subsidiary was acquired during the financial year:

Name of subsidiary	Interest acquired	Consideration	Attributable net tangible assets at acquisition
i2u Sdn Bhd	100%	RM 2	Nil

The following subsidiary was disposed of during the financial year:

Name of subsidiary	Interest disposed of	Consideration	Attributable net tangible assets at disposal
MediaCommunication Nordic AB	100%	SEK 500,001	SEK 467,895

There were no other acquisitions or disposals of subsidiaries during the financial year.

Issuance of shares or debentures

During the financial year, the Company issued 3,399,000 ordinary shares of $0.10 each at par for cash upon the exercise of employee share options.

No subsidiary issued any shares during the year. The Company and its subsidiaries did not issue any debentures during the financial year.

Arrangements to enable directors to acquire shares or debentures

Except as described in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of shareholdings required to be kept under Section 164 of the Companies Act, an interest in the shares or debentures of the Company, as stated below:

	Direct interest as at		Deemed interest as at	
	1 January 2002/date of appointment	31 December 2002	1 January 2002/ date of appointment	31 December 2002
Ordinary shares of $0.10 each				
Koh Boon Hwee	-	-	2,915,190	2,915,190
Sim Wong Hoo	-	-	77,850,240	77,850,240
Elieen Tay-Tan Bee Kiew	-	-	370,000	370,000
Options to subscribe for ordinary shares of $0.10 each at $0.10 per share				
Walter Sousa	650,000	650,000	-	-
Koh Boon Hwee	1,300,000	1,300,000	-	-

DIRECTORS' REPORT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

Directors' interest in shares and debentures (cont'd)

	Direct interest as at		Deemed interest as at	
	1 January 2002/date of appointment	31 December 2002	1 January 2002/ date of appointment	31 December 2002
Options to subscribe for ordinary shares of $0.10 each at $0.103 per share				
Khaw Kheng Joo	-	10,000,000	-	-
Options to subscribe for ordinary shares of $0.10 each at $0.137 per share				
Walter Sousa	3,000,000	3,000,000	-	-
Options to subscribe for ordinary shares of $0.10 each at $0.154 per share				
Walter Sousa	-	10,000,000	-	-
Koh Boon Hwee	-	10,000,000	-	-
Options to subscribe for ordinary shares of $0.10 each at $0.155 per share				
Walter Sousa	-	138,333	-	-
Koh Boon Hwee	-	200,000	-	-
Thomas Kalon Ng	-	200,000	-	-
Options to subscribe for ordinary shares of $0.10 each at $0.25 per share				
Koh Boon Hwee	-	6,000,000	-	-

There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2003.

Dividends

The directors do not recommend payment of a dividend and no dividend has been paid or declared by the Company since the end of the previous financial year.

Bad and doubtful debts

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and providing for doubtful debts, and have satisfied themselves that all known bad debts if any have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances, which would render any amount written off or provided for bad and doubtful debts in the group of companies inadequate to any substantial extent.

DIRECTORS' REPORT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

Current assets

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or that adequate provision had been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on assets and contingent liabilities

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or any other corporation in the Group has arisen which secures the liabilities of any other person and no contingent liability has arisen.

Ability to meet obligations

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements, which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual items

In the opinion of the directors, the results of the operations of the Company and of the Group for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual items after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

Options

The particulars of share options of the Company are as follows:

(a) 1999 MediaRing Employees' Share Option Scheme

In September 1999, the Company adopted an employee share option scheme ("1999 MediaRing Employees' Share Option Scheme") to grant options to subscribe for ordinary shares of $0.10 each to employees and directors of the Group.

The scheme is administered by the Remuneration Committee. The members of the committee are:

Thomas Kalon Ng (Chairman)
Sim Wong Hoo
Eileen Tay-Tan Bee Kiew

Details of the options to subscribe for ordinary shares of $0.10 each in the Company granted to employees and directors of the Group pursuant to the Scheme are as follows:

		No. of shares under option					
	Date of grant	Total granted	Total exercised	Total lapsed	Total not exercised	Exercise price ($)	Expiry date
Directors of the Company							
Walter Sousa	30 Oct 1999	650,000	-	-	650,000	0.1000	30 Oct 2004
Koh Boon Hwee	30 Oct 1999	1,300,000	-	-	1,300,000	0.1000	30 Oct 2004
Employees granted 5% or more of total options under the scheme							
Hwang Kuo Wei	30 Oct 1999	3,500,000	(1,985,000)	(1,515,000)	-	0.1000	30 Oct 2009
Pek Yew Chai	30 Oct 1999	4,000,000	(958,000)	(3,042,000)	-	0.1000	30 Oct 2009
Other employees	30 Oct 1999	62,349,930	(17,631,000)	(31,470,160)	13,248,770	0.1000	30 Oct 2009
Total		71,799,930	(20,574,000)	(36,027,160)	15,198,770		

No new options under this Scheme were granted during the year.

Except as disclosed above, no other directors were granted options under this scheme and no participant received 5% or more of the total options available under the scheme.

(b) 1999 MediaRing Employees' Share Option Scheme II

Pursuant to this scheme, the Remuneration Committee has the ability to grant options to present and future employees of the Group as well as to other persons who are eligible under the scheme at the then prevailing market price of the shares, less a discount to be determined by the Remuneration Committee, which shall not exceed 20% of the then prevailing market price.

The scheme will be administered by the Remuneration Committee who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited "SGX-ST" and the imposition of retention periods following the exercise of these options by the employees, if any.

DIRECTORS' REPORT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

Options (cont'd)

(b) 1999 MediaRing Employees' Share Option Scheme II (cont'd)

Details of the options to subscribe for ordinary shares of $0.10 each of the Company granted to employees and directors of the Group pursuant to the Scheme are as follows:

		No. of shares under option					
	Date of grant	Granted during the year	Total granted	Total lapsed	Total not exercised	Exercise price ($)	Expiry date
Directors of the Company							
Walter Sousa	6 Sep 2001	-	3,000,000	-	3,000,000	0.1370	6 Sep 2011
Walter Sousa	31 Jan 2002	10,000,000	10,000,000	-	10,000,000	0.1540	31 Jan 2012
Walter Sousa	3 Apr 2002	138,333	138,333	-	138,333	0.1550	3 Apr 2012
Koh Boon Hwee	31 Jan 2002	10,000,000	10,000,000	-	10,000,000	0.1540	31 Jan 2012
Koh Boon Hwee	31 Jan 2002	6,000,000	6,000,000	-	6,000,000	0.2500	31 Jan 2012
Koh Boon Hwee	3 Apr 2002	200,000	200,000	-	200,000	0.1550	3 Apr 2012
Khaw Kheng Joo	1 Nov 2002	10,000,000	10,000,000	-	10,000,000	0.1030	1 Nov 2012
Thomas Kalon Ng	3 Apr 2002	200,000	200,000	-	200,000	0.1550	3 Apr 2012
Employees granted 5% or more of total options under the scheme							
Yvonne Lau Yee Wan	5 Nov 2001	-	4,000,000	-	4,000,000	0.1020	5 Nov 2011
Yvonne Lau Yee Wan	31 Jan 2002	2,000,000	2,000,000	-	2,000,000	0.1540	31 Jan 2012
Other employees	11 Jan 2000	-	3,808,000	(3,058,000)	750,000	1.4656	11 Jan 2010
Other employees	2 May 2000	-	300,000	(300,000)	-	0.6816	2 May 2010
Other employees	13 Jun 2000	-	6,340,000	(3,865,000)	2,475,000	0.4490	13 Jun 2010
Other employees	21 May 2001	-	7,396,220	(5,420,000)	1,976,220	0.1540	21 May 2011
Other employees	5 Nov 2001	-	1,060,000	(810,000)	250,000	0.1020	5 Nov 2011
Other employees	31 Jan 2002	1,500,000	1,500,000	-	1,500,000	0.1540	31 Jan 2012
Other employees	1 Apr 2002	2,500,000	2,500,000	-	2,500,000	0.1790	1 Apr 2012
Other employees	18 Jun 2002	750,000	750,000	-	750,000	0.1230	18 Jun 2012
Other employees	27 Jun 2002	10,690,000	10,690,000	(1,763,000)	8,927,000	0.1200	27 Jun 2012
Other employees	23 Sep 2002	225,000	225,000	-	225,000	0.0840	23 Sep 2012
Other employees	8 Oct 2002	300,000	300,000	-	300,000	0.0810	8 Oct 2012
Other employees	22 Oct 2002	1,000,000	1,000,000	-	1,000,000	0.0960	22 Oct 2012
Total		55,503,333	81,407,553	(15,216,000)	66,191,553		

None of the options granted under this Scheme were exercised since the commencement of the Scheme.

Except as disclosed above, no other directors were granted options under this scheme and no participant received 5% or more of the total options available under the scheme. No un-issued shares other than those referred to above, are under option as at the date of this report.

The total number of shares to be issued under the MediaRing Employees' Share Option Scheme II does not exceed 15% of the total issued share capital of the Company from time to time.

DIRECTORS' REPORT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

Audit Committee

The Audit Committee comprises the following three independent Non-Executive directors:

Eileen Tay-Tan Bee Kiew (Chairman)
Thomas Henrik Zilliacus
Thomas Kalon Ng

The Committee performs the functions set out in the Companies Act, the Listing Manual and Best Practices Guide of the Singapore Exchange. In performing those functions, the Committee reviewed the overall scope of the external audit and the assistance given by the Company's officers to the auditors. The Committee met with the external auditors to discuss the results of their audit and their evaluation of the systems of internal accounting controls. The Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2002, as well as the external auditors' report thereon.

The Audit Committee held three meetings during the financial year ended 31 December 2002.

The Audit Committee has reviewed the non-audit services provided by the auditors and is of the view that such services would not affect the independence of the auditors.

The Committee has recommended to the Board of Directors that Ernst & Young be nominated for re-appointment as auditors at the forthcoming annual general meeting of the Company.

Change of name

During the financial year, the Company changed its name from MediaRing.com Ltd to MediaRing Ltd.

Auditors

Ernst & Young have expressed their willingness to accept reappointment as auditor.

On behalf of the Directors,

Koh Boon Hwee
Director

Khaw Kheng Joo
Director

Singapore
27 March 2003

STATEMENT BY DIRECTORS pursuant to Section 201 (15)

We, Koh Boon Hwee and Khaw Kheng Joo, being two of the directors of MediaRing Ltd, do hereby state that, in the opinion of the directors:

(a) the accompanying balance sheets, profit and loss accounts and statements of changes in equity together with the notes thereto, set out on pages 21 to 45 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2002 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on 27 March 2003.

On behalf of the directors,

Koh Boon Hwee
Director

Khaw Kheng Joo
Director

Singapore
27 March 2003

AUDITORS' REPORT to the Members of MediaRing Ltd

Amounts in Singapore dollars unless otherwise stated

We have audited the financial statements of MediaRing Ltd (formerly known as MediaRing.com Ltd) set out on pages 21 to 45. These financial statements comprise the balance sheets of the Company and of the Group as at 31 December 2002, the profit and loss accounts and the statements of changes in equity of the Company and of the Group and the statement of cash flows of the Group for the year ended 31 December 2002, and notes thereto. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended 31 December 2001 were audited by another auditor whose report dated 1 April 2002 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

    (i) the state of affairs of the Company and of the Group as at 31 December 2002 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and

    (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements;

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors and the financial statements of subsidiaries which are not required to present audited financial statements under the laws of their countries of incorporation, being financial statements included in the consolidated financial statements. The names of these subsidiaries are indicated in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
27 March 2003

BALANCE SHEET as at 31 December 2002

Amounts in Singapore dollars unless otherwise stated

		Group		Company	
		2002	2001	**2002**	2001
	Note	**$'000**	$'000	**$'000**	$'000
Share capital and reserves					
Share capital	3	**74,511**	74,171	**74,511**	74,171
Share premium	4	**117,538**	117,538	**117,538**	117,538
Accumulated losses		**(137,761)**	(126,442)	**(86,739)**	(44,840)
Translation reserve		**(2,820)**	(2,198)	**(3,736)**	-
		51,468	63,069	**101,574**	146,869
Fixed assets	5	**3,080**	5,023	**820**	1,486
Intangible assets	6	**137**	422	**106**	422
Subsidiaries	7	**-**	-	**29,805**	31,569
Investment in long-term bonds	8	**21,640**	4,279	**21,640**	4,279
Other investments	9	**475**	587	**475**	475
Long-term loans and advances to subsidiaries	10	**-**	-	**28,350**	62,972
Current assets					
Stocks	11	**351**	258	**29**	58
Trade debtors	12	**2,544**	2,716	**1,229**	168
Other debtors, deposits and prepayments	13	**2,643**	2,941	**1,425**	1,103
Loans to subsidiaries		**-**	-	**-**	4,987
Due from subsidiaries	16	-	-	**4,773**	-
Investment in short-term bonds	8	**10,522**	31,320	**10,522**	31,320
Fixed deposits	14	**13,777**	10,942	**7,868**	10,657
Cash and bank balances		**5,473**	14,210	**2,034**	1,949
		35,310	62,387	**27,880**	50,242
Current liabilities					
Trade creditors		**863**	2,295	**142**	230
Other creditors and accruals	15	**8,311**	7,334	**5,284**	3,389
Due to subsidiaries	16	**-**	-	**2,076**	957
		9,174	9,629	**7,502**	4,576
Net current assets		**26,136**	52,758	**20,378**	45,666
		51,468	63,069	**101,574**	146,869

The accompanying notes form an integral part of the financial statements

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

		Group		Company	
		2002	2001	**2002**	2001
	Note	**$'000**	$'000	**$'000**	$'000
Turnover	17	**35,276**	20,077	**18,361**	3,528
Other income (expenses), net	18	**203**	(242)	**3**	552
Direct service fees incurred		**(17,147)**	(12,873)	**(7,307)**	(2,172)
Personnel costs	19	**(12,259)**	(15,851)	**(6,500)**	(6,972)
Infrastructure costs		**(4,532)**	(6,446)	**(913)**	(933)
Foreign exchange (loss) gain		**(532)**	4,003	**(309)**	4,100
Depreciation of fixed assets	5	**(2,762)**	(3,667)	**(880)**	(1,070)
Amortisation of intangible assets	6	**(396)**	(710)	**(363)**	(710)
Selling and marketing expenses		**(4,582)**	(3,487)	**(2,944)**	(360)
Other operating expenses		**(5,909)**	(16,928)	**(42,236)**	(3,100)
Loss from operations	20	**(12,640)**	(36,124)	**(43,088)**	(7,137)
Interest income	21	**1,321**	2,577	**1,189**	2,115
Interest expense on short-term loans		**-**	(368)	**-**	-
Loss before income tax		**(11,319)**	(33,915)	**(41,899)**	(5,022)
Share of loss of associated company		**-**	(641)	**-**	-
		(11,319)	(34,556)	**(41,899)**	(5,022)
Income tax	22	**-**	(12)	**-**	-
Net loss for the year attributable to shareholders		**(11,319)**	(34,568)	**(41,899)**	(5,022)
Loss per share (cents)					
- basic	23	**(1.52)**	(4.73)		
- diluted	23	**(1.52)**	(4.73)		

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2002

Amounts in Singapore dollars unless otherwise stated

	Share capital $'000	Share premium $'000	Accumulated losses $'000	Translation reserve $'000	Total $'000
Group					
Balance at 1 January 2001	72,175	117,188	(91,874)	418	97,907
Net loss for the year	-	-	(34,568)	-	(34,568)
Issuance of shares	1,996	350	-	-	2,346
Foreign currency translation differences	-	-	-	(2,616)	(2,616)
Balance at 1 January 2002	74,171	117,538	(126,442)	(2,198)	63,069
Net loss for the year	-	-	(11,319)	-	(11,319)
Issuance of shares	340	-	-	-	340
Foreign currency translation differences	-	-	-	(622)	(622)
Balance at 31 December 2002	74,511	117,538	(137,761)	(2,820)	51,468
Company					
Balance at 1 January 2001	72,175	117,188	(39,818)	-	149,545
Net loss for the year	-	-	(5,022)	-	(5,022)
Issuance of shares	1,996	350	-	-	2,346
Balance at 1 January 2002	74,171	117,538	(44,840)	-	146,869
Net loss for the year	-	-	(41,899)	-	(41,899)
Issuance of shares	340	-	-	-	340
Foreign currency translation differences	-	-	-	(3,736)	(3,736)
Balance at 31 December 2002	74,511	117,538	(86,739)	(3,736)	101,574

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS as at 31 December 2002

Amounts in Singapore dollars unless otherwise stated

	2002 $'000	2001 $'000
Cash flows from operating activities		
Loss before tax	**(11,319)**	(34,556)
Adjustments for non cash items:		
Provision for doubtful trade debts	**1,621**	3,653
Share of loss of associated company	**-**	641
Stocks written off	**21**	-
Fixed assets written off	**207**	2,862
Interest expense	**-**	368
Amortisation of intangible assets	**396**	709
Depreciation of fixed assets	**2,762**	3,667
Loss on disposal of quoted investment	**-**	288
Loss on disposal of fixed assets	**44**	93
Interest income	**(1,321)**	(2,577)
Unquoted investment written off	**-**	34
Goodwill on consolidation written off	**-**	2,622
Translation differences	**(326)**	(3,144)
Operating loss before working capital changes	**(7,915)**	(25,340)
Increase in stocks	**(115)**	(258)
Increase in trade debtors	**(1,490)**	(1,655)
Decrease in other debtors, deposits and prepayments	**44**	1,013
Decrease in amount due from corporate shareholders (trade)	**-**	1,405
Decrease in trade creditors	**(1,431)**	(1,099)
Increase (decrease) in other creditors and accruals	**977**	(175)
Cash used in operations	**(9,930)**	(26,109)
Income tax paid	**-**	(12)
Interest paid	**-**	(368)
Net cash used in operating activities	**(9,930)**	(26,489)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS as at 31 December 2002

Amounts in Singapore dollars unless otherwise stated

	2002 $'000	2001 $'000
Cash flows from investing activities		
Investment in long-term bonds	**(19,105)**	(22,747)
Proceeds from redemption of short-term bonds	**22,366**	35,520
Purchase of fixed assets	**(1,312)**	(3,079)
Proceeds from sale of fixed assets	**122**	275
Purchase of intangible assets	**(111)**	(48)
Interest income received	**1,606**	2,577
Proceeds from disposal of subsidiary, net of cash disposed (Note A)	**11**	-
Proceeds from disposal of other investment	**111**	-
Proceeds from capital reduction in the share capital of associated company	**-**	1,980
Proceeds from sale of quoted investments	**-**	749
Acquisition of a subsidiary, net of cash acquired	**-**	365
Acquisition of unquoted investment	**-**	(111)
Acquisition of additional shares in a subsidiary	**-**	(150)
Net cash provided by investing activities	**3,688**	15,331
Cash flows from financing activities		
Proceeds from issuance of shares	**340**	244
Repayment of short-term loan	**-**	(5,013)
Payment of lease obligations	**-**	(501)
Net cash provided by (used in) financing activities	**340**	(5,270)
Net decrease in cash and cash equivalents	**(5,902)**	(16,428)
Cash and cash equivalents at beginning of year (Note 24)	**25,152**	41,580
Cash and cash equivalents at end of year (Note 24)	**19,250**	25,152

Note A:

Analysis of disposal of a subsidiary company

Net assets disposed off:

Receivables	**2**	-
Payables	**(3)**	-
Cash and bank balances	**83**	-
Translation reserve	**12**	-
Net assets disposed off	**94**	-
Consideration received	**94**	-
Cash and cash equivalents disposed off	**(83)**	-
Cash inflow on disposal, net of cash and cash equivalents disposed off	**11**	-

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

1. General

The Company is a limited company domiciled and incorporated in Singapore. The address of the Company's registered office is 750A, Chai Chee Road #05-01 Technopark @ Chai Chee Singapore 469001.

The principal activities of the Company and its subsidiaries are marketing and sale of international telecommunication services. The Company is also engaged in research and development, design and marketing of telecommunication software.

The financial statements of MediaRing Ltd and the consolidated financial statements of MediaRing Ltd and its subsidiaries for the year ended 31 December 2002 were authorised for issuance in accordance with a directors' resolution dated 27 March 2003.

The Group operates in eight countries and employed 159 employees as of 31 December 2002 (2001: 221).

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements, which are expressed in Singapore dollars, are prepared on a historical basis and in accordance with Singapore Statements of Accounting Standard and applicable requirements of Singapore law.

In 2002, the Group adopted the revised accounting standard, SAS 12 (2001): Income Tax, which became effective for the Group's financial statements for 2002. The adoption of the revised accounting standard does not have any financial effect on the Company's financial statements.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries, after elimination of all material inter-company transactions.

Subsidiaries are consolidated from the date on which they are acquired and cease to be consolidated on date of disposal.

Acquisition of subsidiaries is accounted for using the purchase method of accounting.

Assets, liabilities and results of overseas subsidiaries are translated into Singapore dollars on the basis outlined in paragraph (e).

(c) Investments in subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries are stated at cost less provision for diminution in value. An assessment of investment in subsidiaries is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

Details of the subsidiaries are set out in Note 7 to the financial statements.

(d) Investment in associated companies

An associated company is a company, not being a subsidiary, in which the Group has an equity interest of not less than 20% nor more than 50% and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investments in associated companies are accounted for under the equity method in the Group's financial statements. Investments in associated companies are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of associated companies, less any impairment loss. The Group's investments in associated companies include goodwill (net of accumulated amortisation) on acquisition, which is treated in accordance with the accounting policy for goodwill stated below.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(d) Investment in associated companies (cont'd)

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued except to the extent of the Group's commitment.

(e) Foreign currencies

Transactions in foreign currencies are recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective measurement currencies at exchange rates ruling at the balance sheet date. All resultant exchange differences are recognised in the profit and loss account. Exchange differences arising from long-term loans to subsidiaries, which are effectively part of net investment are taken to foreign currency translation reserve.

Assets and liabilities of foreign entities are translated into Singapore dollars at exchange rates ruling at balance sheet date. Revenues and expenses are translated at exchange rates approximating those ruling at the transaction dates. All resultant exchange differences are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

(f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

Fixed assets are depreciated using the straight-line method to write-off the cost less estimated residual value over their estimated useful lives, which are as follows:

Furniture, fixtures and fittings	3 - 5 years
Computer equipment	3 - 5 years
Office equipment	3 - 5 years
Motor vehicles	3 - 5 years
Leasehold improvements	3 - 5 years

(g) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of net assets acquired of another business. Goodwill is amortised and charged to the profit and loss account on a straight-line basis from the date of initial recognition over its estimated useful life of not more than 20 years.

(ii) Patents, trademarks and licences

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to the profit and loss account over 3 years in equal instalments. The costs of applying for and renewing patents and licences are charged to the profit and loss account.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in value is provided in full.

(h) Quoted bonds

Quoted bonds held on a long-term basis are stated at cost, adjusted for amortisation of premiums and accretion of discounts.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(i) Other investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis. Further provision is made when, in the opinion of the directors, there has been a decline, other than a temporary decline in the value of the investment.

Unquoted investments held on a long-term basis are stated at cost, less any impairment loss.

(j) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Net realisable value is the estimated selling price less anticipated cost of disposal and after making allowances for damaged, obsolete and slow-moving items.

(k) Trade and other debtors

Trade debtors, which generally have 30 - 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(m) Trade and other creditors

Liabilities for trade and other amounts payable which are normally settled on 30 - 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at cost.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(o) Leases

(i) Finance lease

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the lease item, are capitalised at the present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(o) Leases (cont'd)

(ii) Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(p) Impairment of assets

The Company's and Group's assets other than current assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Rendering of telecommunication services

Revenues from rendering of telecommunication services are recognised as services are provided. Collections from prepaid telecommunication services are deferred and recognised as revenue as and when the services are provided. Unused prepaid telecommunication services are included in the balance sheet as "unearned revenue".

(ii) Sale of hardware

Revenue from sale of hardware is recognised upon passage of title to the customer that generally coincides with their delivery and acceptance.

(iii) Software license fees and software development

Revenue from software license, software customisation and system integration services is recognised upon completion and delivery of the services to the customer, based on the percentage of completion method. When the outcome of the services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from post-contract customer support services is recognised proportionately on a time basis over the contract period.

(iv) Interest

Revenue is recognised as the interest accrues unless collectibility is in doubt.

(r) Research and development costs

Research and development costs are written off in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(s) Employee benefits

(i) Pensions and other post employment benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

(iii) Employee equity compensation benefits

The Company has an employee share option scheme whereby employees are granted non-transferable options to purchase the Company's shares. No compensation cost is recognized upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

(t) Income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences, unabsorbed capital allowances and tax losses can be utilised.

3. Share capital

	Group and Company	
	2002	2001
	$'000	$'000
Authorised:		
- 1,000,000,000 ordinary shares of $0.10 each	**100,000**	100,000
Issued and paid up:		
Balance at beginning of year		
- 741,711,865 (2001: 721,756,365) ordinary shares of $0.10 each	**74,171**	72,175
Issued during the year	**340**	1,996
Balance at end of year		
- 745,110,865 (2001: 741,711,865) ordinary shares of $0.10 each	**74,511**	74,171

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

4. Share premium

	Group and Company 2002 $'000	2001 $'000
At beginning of year	**117,538**	117,188
Premium arising from the issue of 17,520,000 ordinary shares of $0.10 each at $0.12 per share	**-**	350
At end of year	**117,538**	117,538

5. Fixed assets

(a) Group

	Furniture, fixtures and fittings $'000	Computer equipment $'000	Office equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Total $'000
Cost						
As at 1.1.2002	1,134	5,757	2,697	257	411	10,256
Reclassifications	(47)	1,633	(1,556)	-	(30)	-
Additions	6	1,279	21	-	6	1,312
Disposals/write-offs	(617)	(150)	(31)	(95)	(12)	(905)
Translation differences	(19)	(227)	(5)	(12)	(23)	(286)
As at 31.12.2002	457	8,292	1,126	150	352	10,377
Accumulated depreciation						
As at 1.1.2002	418	3,087	1,496	25	207	5,233
Reclassifications	4	789	(845)	37	15	-
Charge for the year	215	2,049	362	42	94	2,762
Disposals/write-offs	(384)	(70)	(31)	(39)	(7)	(531)
Translation differences	(8)	(135)	(2)	(4)	(18)	(167)
As at 31.12.2002	245	5,720	980	61	291	7,297
Charge for 2001	243	1,778	1,522	17	107	3,667
Net book value						
As at 31.12.2002	212	2,572	146	89	61	3,080
As at 31.12.2001	665	3,514	490	195	159	5,023

Net book value of computer equipment and office equipment under finance leases are $Nil (2001: $360,942) and $Nil (2001: $3,650) respectively.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

5. Fixed assets (cont'd)

(b) Company

	Furniture, fixtures and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Cost				
As at 1.1.2002	657	2,061	625	3,343
Additions	-	416	-	416
Disposals	(58)	(34)	(30)	(122)
Write-offs	(420)	(8)	-	(428)
As at 31.12.2002	179	2,435	595	3,209
Accumulated depreciation				
As at 1.1.2002	279	1,154	424	1,857
Charge for the year	124	589	167	880
Disposals	(37)	(21)	(31)	(89)
Write-offs	(252)	(7)	-	(259)
As at 31.12.2002	114	1,715	560	2,389
Charge for 2001	129	729	212	1,070
Net book value				
As at 31.12.2002	65	720	35	820
As at 31.12.2001	378	907	201	1,486

6. Intangible assets

	Group		Company	
	2002 $'000	2001 $'000	**2002 $'000**	2001 $'000
Cost as at 1.1.2002	**1,936**	1,888	**1,936**	1,888
Additions	**111**	48	**47**	48
Write-offs	**(101)**	-	**(101)**	-
Cost as at 31.12.2002	**1,946**	1,936	**1,882**	1,936
Less accumulated amortisation	**(1,809)**	(1,514)	**(1,776)**	(1,514)
Net book value as at 31.12.2002	**137**	422	**106**	422
Analysis of accumulated amortisation:				
As at 1.1.2002	**1,514**	804	**1,514**	804
Amortised during the year	**396**	710	**363**	710
Written-off during the year	**(101)**	-	**(101)**	-
As at 31.12.2002	**1,809**	1,514	**1,776**	1,514

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

7. Subsidiaries

Investment in subsidiaries comprises:

	Company	
	2002	2001
	$'000	$'000
Unquoted equity shares:		
Cost at beginning of year	**32,692**	27,923
Reclassification from investment in associated company	**-**	1,853
Additional investment during the year	**-**	2,916
Disposal during the year	**(40)**	-
Written-off during the year	**(1,764)**	-
	30,888	32,692
Less: provision for diminution in value of investments	**(1,083)**	(1,123)
	29,805	31,569

Analysis of provision for diminution in value of investments:

	2002	2001
As at 1.1.2002	**1,123**	1,083
Provided during the year	**-**	40
Written back during the year	**(40)**	-
As at 31.12.2002	**1,083**	1,123

As at 31 December 2002, the Group had the following subsidiaries:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2002 %	2001 %	Cost of investment by the Company 2002 $'000	2001 $'000
Directly held by the Company						
MediaRing.com, Inc [(b)]	To market and sell international telecommunication services and internet voice communication services in USA	USA	**100**	100	**20,044**	20,044
MediaRing Technology Pte Ltd (formerly known as MediaRing Pte Ltd) [(c)] [(f)]	Dormant	Singapore	**100**	100	**-**	-
MediaRing (Europe) Limited [(a)]	To market and sell international telecommunication service and internet voice communication services in Europe	United Kingdom	**100**	100	**1,083**	1,083

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

7. Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2002 %	2001 %	Cost of investment by the Company 2002 $'000	2001 $'000
Directly held by the Company (cont'd)						
i2u Pte Ltd [f]	To provide international telecommunication services	Singapore	**100**	100	**6,152**	6,152
MediaRing (Hong Kong) Limited [a]	To market and sell international telecommunication services and internet voice communication services in Hong Kong	Hong Kong	**100**	100	**2,857**	2,857
MediaRing TC, Inc [b]	To market and sell international telecommunication services and internet voice communication services in Japan	Japan	**100**	100	**752**	2,516
i2u Sdn Bhd [d] [e]	To provide domestic and international telecommunication services	Malaysia	**100**	-	**-**	-
MediaCommunication Nordic AB	Disposed off in July 2002	Sweden	**-**	100	**-**	40
Indirectly held through a subsidiary						
MediaRing Shanghai Limited [a]	To market and sell international telecommunication services and internet voice communication services in the People's Republic of China	People's Republic of China	**100**	100	**-**	-
					30,888	32,692

(a) Audited by associated firms of Ernst & Young, Singapore.
(b) Not required to be audited by the laws of its country of incorporation.
(c) Cost of investment is $2 (2001: $2).
(d) Cost of investment is RM2 and is held by nominee shareholders on behalf of the Group.
(e) The financial year end of this subsidiary (which is 30 June) is not co-terminous with that of the Company. Not audited since subsidiary's financial year end.
(f) Audited by Ernst & Young, Singapore.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

8. Investment in bonds

	Group and Company 2002 $'000	Group and Company 2001 $'000
Quoted bonds, at cost	**32,162**	35,599
Matures within 1 year	**(10,522)**	(31,320)
Matures after 1 year or more	**21,640**	4,279
Quoted bonds, at market value	**32,753**	35,570

9. Other investments

	Group 2002 $'000	Group 2001 $'000	Company 2002 $'000	Company 2001 $'000
Quoted investments	**459**	459	**459**	459
Unquoted investment, at cost	**16**	128	**16**	16
	475	587	**475**	475

Quoted investments are stated after deducting the following:

	Group 2002 $'000	Group 2001 $'000	Company 2002 $'000	Company 2001 $'000
Provision for lower of cost and market value	**3,961**	4,132	**3,961**	4,132
Additional provision	**401**	230	**401**	230
	4,362	4,362	**4,362**	4,362
Market value of quoted investments	**860**	689	**860**	689

Movements in provisions for quoted investments:

	Group 2002 $'000	Group 2001 $'000	Company 2002 $'000	Company 2001 $'000
As at 1.1.2002	**4,362**	7,844	**4,362**	4,723
Write-off against provision	**-**	(3,482)	**-**	(361)
As at 31.12.2002	**4,362**	4,362	**4,362**	4,362

10. Long-term loans and advances to subsidiaries

	Company 2002 $'000	Company 2001 $'000
Long-term loans and advances treated as part of net investment in subsidiaries	**64,422**	-
Less: provision	**(41,059)**	-
	23,363	-
Other long-term loans and advances	**4,987**	66,161
Less: provision	**-**	(3,189)
	4,987	62,972
	28,350	62,972

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

10. Long-term loans and advances to subsidiaries (cont'd)

	Company	
	2002	2001
	$'000	$'000
Analysis of provision for long-term loans and advances treated as part of net investment in subsidiaries:		
As at 1.1.2002	**-**	-
Provided during the year	**37,870**	-
Transferred from provision for other long-term loans and advances	**3,189**	-
As at 31.12.2002	**41,059**	-
Analysis of provision for other long-term loans and advances:		
As at 1.1.2002	**3,189**	3,189
Transferred to provision for long-term loans and advances treated as part of net investment in subsidiaries	**(3,189)**	-
As at 31.12.2002	-	3,189

Effective 1 January 2002, loans and advances given to subsidiaries have been treated as long-term loans that are part of the Company's net investment in the subsidiaries.

Long-term loans to subsidiaries are unsecured, bear interest of 6% per annum and are not expected to be re-paid within the next 12 months.

The Company waived the interest payable by the subsidiaries for the current financial year.

11. Stocks

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Trading stocks, at cost	**351**	258	**29**	58

12. Trade debtors

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Trade debtors	**7,035**	6,496	**1,544**	186
Less: Provision for doubtful debts	**(4,491)**	(3,780)	**(315)**	(18)
	2,544	2,716	**1,229**	168
Analysis of provision for doubtful debts:				
As at 1.1.2002	**3,780**	90	**18**	-
Provision for the year	**1,621**	3,653	**297**	18
Write-offs	**(951)**	(84)	**-**	-
Translation differences	**41**	121	**-**	-
As at 31.12.2002	**4,491**	3,780	**315**	18

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

13. Other debtors, deposits and prepayments

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Other debtors	**466**	949	**279**	292
Deposits	**1,627**	1,381	**831**	313
Prepayments	**317**	165	**107**	52
Interest receivable	**233**	446	**208**	446
	2,643	2,941	**1,425**	1,103

14. Fixed deposits

Fixed deposits of S$2.3 million and US$1 million (2001: S$0.3 million) were pledged as security for bank facilities.

15. Other creditors and accruals

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Other creditors	**1,733**	1,652	**1,036**	237
Accrued operating expenses	**3,844**	4,028	**2,507**	2,107
Unearned revenue	**2,102**	1,385	**1,376**	1,004
Deposits received	**632**	269	**365**	41
	8,311	7,334	**5,284**	3,389

16. Due to subsidiaries

	Company	
	2002	2001
	$'000	$'000
Trade-related payable	**-**	213
Non-trade related payable	**2,076**	744
	2,076	957

Amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

17. Turnover

Turnover comprises the following:

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Consumer Operations	**22,279**	6,513	**16,778**	3,232
Telephony	**11,866**	12,754	**849**	150
Technology Licensing	**797**	454	**548**	-
Others	**334**	356	**186**	146
	35,276	20,077	**18,361**	3,528

Included in revenue from consumer operations is an amount of approximately $4.3million (2001: Nil) paid by a customer in settlement of a commitment to buy advertising services from the Group.

Integrated Solutions services were discontinued during the year. The turnover in 2001 was reclassified under 'Others' business segment and the resources of this segment have been reassigned to the Technology Licensing business.

18. Other income (expenses), net

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
(Loss) gain on disposal of quoted investments	**-**	(288)	**-**	42
Management fees	**-**	-	**-**	480
Others	**203**	46	**3**	30
	203	(242)	**3**	552

19. Personnel costs

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Salary and allowances	**10,602**	14,119	**5,640**	6,174
Central Provident Fund contributions	**1,035**	853	**648**	613
Staff accommodation	**51**	161	**-**	26
Staff recruitment	**88**	84	**63**	45
Staff welfare	**85**	169	**32**	39
Training	**109**	46	**66**	(3)
Provision for unpaid leave balance	**43**	77	**30**	33
Other personnel costs	**246**	342	**21**	45
	12,259	15,851	**6,500**	6,972

Personnel costs include the amount of directors' remuneration as shown in Note 20.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

20. Loss from operations

Loss from operations is stated after charging (crediting) the following:

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Auditors' remuneration				
- auditors of the Company	**50**	90	**40**	60
- other auditors	**70**	60	**-**	-
Non-audit fees paid to auditors of the Company	**29**	23	**26**	19
Directors' fees				
- directors of the Company	**100**	140	**100**	140
Directors' remuneration				
- directors of the Company	**510**	323	**510**	323
- directors of subsidiaries	**1,117**	958	**594**	474
Fixed assets written off	**207**	2,862	**169**	40
Stocks written off	**21**	-	**21**	-
Goodwill on consolidation written off	**-**	2,622	**-**	-
Operating lease expenses	**2,337**	2,036	**445**	822
Provision for doubtful trade debts	**1,621**	3,653	**297**	19
Research and development costs*	**1,894**	2,353	**1,595**	1,949
Loss on disposal of fixed assets	**44**	93	**14**	4
Write-off of unquoted investment	**-**	34	**-**	34
Write-off of investment in subsidiary	**-**	-	**1,764**	-
Provision for loans given to subsidiaries	**-**	-	**37,870**	-
Provision for diminution in value of investment in a subsidiary	**-**	-	**-**	40
Write-back of provision for diminution in value of investment in subsidiary	**-**	-	**17**	-

* Included in research and development costs are depreciation charges relating to the Group and Company amounting to approximately $31,000 (2001: $91,000) and $31,000 (2001: $91,000) respectively as well as personnel expenses relating to the Group and Company amounting to approximately $1,863,000 (2001:$2,074,000) and $1,564,000 (2001: $1,726,000) respectively.

21. Interest income

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Interest income				
- fixed deposits	**205**	976	**76**	334
- bonds	**1,112**	1,569	**1,112**	1,569
- bank balances	**4**	32	**1**	8
- loan to subsidiaries	**-**	-	**-**	204
	1,321	2,577	**1,189**	2,115

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

22. Income tax

There is no income tax expense for the Company and the Group as the companies are in a tax loss position.

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December is as follows:

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Loss before tax	**(11,319)**	(34,556)	**(41,899)**	(5,022)
Tax at the domestic rates applicable to profits in the countries concerned	**(12,679)**	(8,444)	**(9,218)**	(1,230)
Adjustments:				
Permanent differences/ expenses not deductible for tax purposes	**9,387**	162	**8,717**	23
Deferred tax assets not recognised	**3,292**	8,282	**501**	1,207
Others	**-**	12	**-**	-
Tax expense	**-**	12	**-**	-

The statutory income tax rate applicable to Singapore companies of the Group was reduced to 22% for year of assessment 2003 from 24.5% for year of assessment 2002.

As at 31 December 2002, the Company and the Group have tax losses of approximately $31,153,000 (2001: $35,212,000) and $112,466,000 (2001: $108,743,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

23. Basic and diluted loss per share

Basic loss per share is calculated by dividing the Group's net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	Group	
	2002	2001
	$'000	$'000
Net loss attributable to ordinary shareholders	**11,319**	34,568
Weighted average number of ordinary shares in issue	**744,110**	731,176

24. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and fixed deposits. Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet items:

	Group	
	2002	2001
	$'000	$'000
Fixed deposits	**13,777**	10,942
Cash and bank balances	**5,473**	14,210
	19,250	25,152

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

25. Related party information

Significant transactions with related parties on terms agreed between the parties, were as follows:

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Revenue				
Interest income from subsidiaries	**-**	-	**-**	204
Management fees from a subsidiary	**-**	-	**-**	480
Expenses				
Other expenses to a subsidiary	**13**	-	**23**	-

26. Contingent liabilities and commitments

(a) Contingent liabilities, unsecured

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them and when required, to provide sufficient working capital to enable them to operate as going concerns for a period of at least twelve months from the respective dates of the directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2002.

(b) Capital Commitment

The Company has entered into a Sale and Purchase Agreement dated 3 December 2002, to acquire, subject to the terms and conditions therein, the entire issued and paid-up capital of Interindo (Malaysia) Sdn Bhd ("Interindo") for a total consideration of RM875,000 (S$400,000). The net tangible asset of Interindo is approximately RM500,000 (S$229,000). The purchase consideration has not been provided for in the financial statements.

(c) Operating lease commitments

The Group leases certain properties under lease agreements that are non-cancellable within a year. It has various operating lease agreements for offices. Future minimum lease payments for all leases with initial terms of one year or more are as follows:

	Group		Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Within one year	**1,319**	2,937	**323**	871
Within 2 to 5 years	**646**	1,703	**618**	871
	1,965	4,640	**941**	1,742

27. Segment information

(a) Business segments

The Group has the following business segments:

- Consumer operations comprising mainly:
  (i) "PC-Phone" service that allows users to make overseas calls from their PC to any phone in the world;
  (ii) "Enterprise" service that allows corporate users to make international calls via their existing corporate PBX and internet access; and
  (iii) advertising fees.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

27. Segment information (cont'd)

(a) Business segments (cont'd)

- Telephony comprising mainly:
  (i) the sale of wholesale traffic terminating services to carriers; and
  (ii) the provision of IDD and VoIP overseas calling services to corporations and consumers.
- Technology Licensing
  This segment offers connectivity and interoperability solutions to telecommunications carriers and wholesale clearing houses.
- Others
  This segment is miscellaneous income and expenses that are not considered part of the main business segments.

	Consumer Operations $'000	Telephony $'000	Technology Licensing $'000	Others $'000	Group $'000
2002					
Turnover	22,279	11,866	797	334	35,276
Operating (loss) profit	(1,285)	(7,309)	(3,420)	320	(11,694)
Unallocated corporate income, net					789
Unallocated corporate expenses					(414)
					(11,319)
Allocated assets	3,671	4,930	886	-	9,487
Unallocated assets					51,155
Total assets					60,642
Allocated liabilities	(4,712)	(3,892)	(529)	(41)	(9,174)
Capital expenditure	354	879	79	-	1,312
Depreciation and amortisation	1,030	1,899	229	-	3,158
2001					
Turnover	6,513	12,754	454	356	20,077
Operating loss	(12,477)	(20,911)	(1,855)	(1,941)	(37,184)
Unallocated corporate income, net					6,213
Unallocated corporate expenses					(2,944)
Share of loss of associated company					(641)
Tax					(12)
					(34,568)
Allocated assets	3,784	7,260	916	-	11,960
Unallocated assets					60,738
Total assets					72,698
Allocated liabilities	(3,455)	(5,462)	(712)	-	(9,629)
Capital expenditure	749	2,180	150	-	3,079
Depreciation and amortisation	1,203	2,635	538	-	4,376

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

27. Segment information (cont'd)

(b) Geographical segments

The Group operates in three main geographical areas. Turnover is based on the location of revenue recognition. Assets and capital expenditure are based on the location of the assets:

(i) Asia includes the operations in Singapore, China, Hong Kong, Taiwan, Malaysia and Japan.

(ii) USA includes the operations in North, South and Central America.

(iii) Europe includes the operations in Europe only.

	Turnover		Assets		Capital expenditure	
	2002	2001	**2002**	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Asia	**27,321**	14,863	**58,072**	66,475	**1,032**	2,755
USA	**3,875**	2,484	**1,592**	2,528	**280**	324
Europe	**4,080**	2,730	**978**	3,695	**-**	-
Total	**35,276**	20,077	**60,642**	72,698	**1,312**	3,079

28. Directors' remuneration

	No. of directors in remuneration bands		
	Executive directors	**Non-executive directors**	**Total**
2002			
$500,000 and above	-	-	-
$250,000 to $499,999	1	-	1
Below $250,000	3	4	7
	4	4	8
2001			
$500,000 and above	-	-	-
$250,000 to $499,999	-	-	-
Below $250,000	2	4	6
	2	4	6

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

29. Financial instruments

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks and they are summarised below.

Credit risk

The carrying amounts of trade and other receivables, fixed deposits, amount due from related companies and related parties and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and cash balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains a provision for doubtful trade receivables based upon expected collectibility of all trade receivables.

Interest rate and liquidity risk

The Group's exposure to interest rate and liquidity risks are minimal as it does not have significant external borrowings. Surplus funds are placed with reputable banks and invested in bonds.

Foreign exchange risk

Currently, the Group does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies, primarily the US dollar. However, the Group reviews periodically that its net exposure is kept at an acceptable level.

Fair values of financial instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments.

Non-current unquoted investments

It is not practical to estimate the fair value of the Group's long-term unquoted equity investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded to be significantly in excess of their fair values at the balance sheet date.

Non-current loans due from subsidiaries

It is not practical to estimate the fair value of non-current loan accounts due principally to the lack of fixed repayment terms. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

Investment in bonds

The fair value of investment in bonds, which is the market value is disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002

Amounts in Singapore dollars unless otherwise stated

30. Comparative figures

The comparative figures for the Company and the Group were audited by a firm of Certified Public Accountants other than Ernst & Young.

The following expenses and income for the financial year ended 31 December 2001 have been reclassified as stated below to better reflect the nature of the expenses and income and to conform to current year's classification:

Nature of expense	2001 Classification	2002 Classification	2001 Group $'000	2001 Company $'000
Bandwidth	Direct service fees	Infrastructure costs	2,328	111
Agent commission	Direct service fees	Selling and marketing expenses	1,523	246
Staff commission	Personnel costs	Selling and marketing expenses	234	23
Entertainment expenses	Marketing expenses	Other operating expenses	475	161
Internet subscription, licensing and maintenance	Infrastructure costs	Other operating expenses	1,106	445
Utilities and related expenses	Other operating expenses	Infrastructure costs	320	203
Other indirect expenses	Direct service fees	Other operating expenses	335	215
Overseas allowances	Personnel costs	Other operating expenses	67	60
Foreign exchange gain	Financial income - net	Foreign exchange gain	(4,003)	(4,100)

SUPPLEMENTARY INFORMATION

MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving interests of the Chief Executive Officer, directors or controlling shareholders and no such material contract still subsist at the end of the financial year.

INTERESTED PARTY TRANSACTIONS ("IPT")

The Company has established procedures for recording and reporting interested person transactions. It will subject all IPT to review by the Audit Committee to ensure IPT are conducted at arm's length, on normal commercial terms and comply with the provisions of Chapter 9 of the SGX Listing Manual.

SHAREHOLDING STATISTICS as at 7 April 2003

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders	%	No. of Shares	%
Size of Shareholdings				
1 - 999	20	0.10	7,369	0.00
1,000 - 10,000	14,457	73.02	63,105,755	8.47
10,001 - 1,000,000	5,273	26.64	254,243,944	34.12
1,000,001 and above	48	0.24	427,753,797	57.41
Total	**19,798**	**100.00**	**745,110,865**	**100.00**
Location of Shareholders				
Singapore	19,454	98.26	591,106,685	79.33
Malaysia	165	0.83	4,200,000	0.56
Hong Kong	29	0.15	782,000	0.10
Japan	1	0.01	10,000	-
USA	36	0.18	761,000	0.10
United Kingdom	3	0.01	18,000	0.01
Europe	1	0.01	20,000	0.01
Australia/New Zealand	16	0.08	210,000	0.03
Others	93	0.47	148,003,180	19.86
Total	**19,798**	**100.00**	**745,110,865**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%
1. CTI Limited	77,850,240	10.45	-	-	77,850,240	10.45
2. Sim Wong Hoo	-	-	77,850,240	10.45	77,850,240	10.45
3. L&H Investment Company	53,092,270	7.13	-	-	53,092,270	7.13
4. Pol Lucien Comeel Hauspie	-	-	53,092,270	7.13	53,092,270	7.13
5. Ng Kai Wa	2,516,340	0.34	38,967,680	5.23	41,484,020	5.57
6. Innomedia Pte Ltd	34,399,680	4.62	4,568,000	0.61	38,967,680	5.23

SHAREHOLDING STATISTICS as at 7 April 2003

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	CTI Limited	77,850,240	10.45
2.	L&H Investment Company	53,092,270	7.13
3.	Innomedia Pte Ltd	34,399,680	4.62
4.	BNP Paribas Nominees Singapore Pte Ltd	24,593,000	3.30
5.	Phillip Securities Pte Ltd	24,020,867	3.22
6.	Vertex Technology Fund Ltd	17,910,910	2.40
7.	United Overseas Bank Nominees Pte Ltd	16,696,600	2.24
8.	DBS Nominees Pte Ltd	14,739,100	1.98
9.	T.H.eVenture Pte Ltd	14,632,520	1.96
10.	OCBC Securities Private Ltd	13,836,000	1.86
11.	Jason Communications Pte Ltd	12,264,000	1.65
12.	Citibank Nominees Singapore Pte Ltd	11,576,970	1.55
13.	Oversea-Chinese Bank Nominees Pte Ltd	9,033,120	1.21
14.	SIS Netrepreneur Ventures Corp	8,000,810	1.07
15.	UOB Kay Hian Pte Ltd	7,616,000	1.02
16.	Vertex Technology Fund (II) Ltd	6,829,270	0.92
17.	Wiig Global Ventures Pte Ltd	6,514,700	0.87
18.	Goh Seh Leong	6,103,000	0.82
19.	Pax Realty and Development Pte Ltd	4,859,000	0.65
20.	Infotech Ventures Ltd	4,566,100	0.61
	Total	**369,134,157**	**49.53**

SHAREHOLDINGS HELD BY THE PUBLIC

76.42% of MediaRing Ltd's issued ordinary shares is held by the public. Rule 723 of the SGX Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MEDIARING LTD ("the Company") will be held at Singapore Post Centre, 10 Eunos Road 8, #05-30 The Pavilion (Theatrette), Singapore 408600 on Friday, 23 May 2003 at 2.00 pm for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2002 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Articles 104 and 108 of the Company's Articles of Association:-

   Mr Walter Sousa (Retiring under Article 104) **(Resolution 2)**
   Ms Eileen Tay-Tan Bee Kiew (Retiring under Article 108) **(Resolution 3)**

   Ms Eileen Tay-Tan Bee Kiew will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Sim Wong Hoo, who is retiring by rotation under Article 104 of the Company's Articles of Association, is not seeking re-election.

3. To approve Directors' fees for Non-Executive Directors for the financial year ended 31 December 2002 comprising:

   a. S$100,445 and

   b. 769,863 options to subscribe for new shares in the Company on terms and conditions as set up in the 1999 MediaRing Employees' Share Option Scheme II ("ESOS II") at an exercise price of S$0.075 per share being the closing price on the 3rd trading day following the announcement of the full year results for the financial year ended 31 December 2002. (2001: S$110,737 and offer of 738,333 shares options under the ESOS II). **(Resolution 4)**

4. To re-appoint Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to allot and issue shares up to 50 per cent (50%) of issued capital.

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that

   (a) the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the issued share capital of the Company at the time of passing this Resolution, and

   (b) the aggregate number of shares to be issued other than on a pro-rata basis to existing members does not exceed twenty per cent (20%) of the Company's issued share capital at the time of passing this Resolution.

NOTICE OF ANNUAL GENERAL MEETING

Such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, unless revoked or varied by the Company. [See Explanatory Note (i)] **(Resolution 6)**

7. Authority to allot and issue shares under the 1999 MediaRing Employees' Share Option Scheme ("ESOS").

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the ESOS established by the Company upon the exercise of such options and in accordance with the terms and conditions of the ESOS provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS shall not exceed 65,921,470 ordinary shares from time to time and such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next General Meeting is required by law to be held, whichever is earlier. [See Explanatory Note (ii)] **(Resolution 7)**

8. Authority to allot and issue shares under the 1999 MediaRing Employees' Share Option Scheme II ("ESOS II").

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the ESOS II established by the Company upon the exercise of such options and in accordance with the terms and conditions of the ESOS II provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the issued share capital of the Company from time to time and such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next General Meeting is required by law to be held, whichever is earlier. [See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Yvonne Lau Yee Wan
Tan San- Ju
Secretaries
Singapore, 6 May 2003

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this Resolution would not exceed fifty per cent (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares other than on a pro-rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per cent (20%) of the issued capital of the Company.

The percentage of issued capital is based on the Company's issued capital after adjusting for (a) new shares arising from the exercise of employee share options in issue at the time this proposed Ordinary Resolution is passed and (b) any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company up to a maximum of 65,921,470 ordinary shares of the issued share capital of the Company for the time being pursuant to the exercise of the options under the ESOS.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the ESOS II.

Notes:

1. *A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Member of the Company.*

2. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 750A Chai Chee Road #05-01 Technopark @ Chai Chee Singapore 469001 not less than 48 hours before the time appointed for holding the Meeting.*

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MEDIARING LTD

(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy MediaRing Ltd shares, this Annual Report 2002 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____

of ____

being a member/members of MediaRing Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 23 May 2003 at 2.00 pm and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2002		
2	Re-election of Mr Walter Sousa as a Director		
3	Re-election of Ms Eileen Tay-Tan Bee Kiew as a Director		
4	Approval of Directors' fees for Non-Executive Directors amounting to S$100,445 and offer of 769,863 share options under the ESOS II		
5	Re-appointment of Ernst & Young as Auditors		
6	Authority to allot and issue new shares		
7	Authority to allot and issue shares under the ESOS		
8	Authority to allot and issue shares under the ESOS II		

Dated this ________ day of __________________ 2003

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: Please read notes overleaf

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 750A Chai Chee Road #05-01 Technopark @ Chai Chee Singapore 469001 not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Stamp
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The Company Secretary

MediaRing Ltd

750A, Chai Chee Road
#05-01 Technopark @ Chai Chee
Singapore 469001

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